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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 12, 2001

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUE010350

To Extend Customer
CHOICESM Pilot Program

ORDER FOR NOTICE

On June 14, 2001, Columbia Gas of Virginia, Inc. ("Columbia" or "Company") applied for authority to offer its Customer CHOICESM program after October 1, 2001. The Company proposes to continue Customer CHOICESM until the earlier of the date a permanent program is implemented or October 1, 2002.

Columbia's Customer CHOICESM is a voluntary experiment using special rates approved pursuant § 56-234 of the Code of Virginia. Customer CHOICESM offers the Company's residential and small general service customers in the Gainesville area the opportunity to purchase from independent marketers natural gas, which Columbia delivers under terms and conditions approved by the Commission.

The Commission first authorized Customer CHOICESM, then called Commonwealth Choice, for the period October 1, 1997, through October 1, 1999. Commonwealth Gas Services, Inc., Case No. PUE970455, 1997 S.C.C. Ann. Rep. 417. We subsequently

extended the termination date to October 1, 2000. Columbia Gas of Virginia, Inc., Case No. PUE990245, 1999 S.C.C. Ann. Rep.

476. The termination date was then extended to October 1, 2001. Columbia Gas of Virginia, Inc., Case No. PUE000284, Order Granting Application of September 18, 2000.

The Company now seeks authorization to extend again the termination date. According to its application, Columbia expects to file a plan for implementing retail gas supply choice as authorized by § 56-235.8 of the Code of Virginia, which would replace the experimental program Customer CHOICESM. In this application, Columbia proposes to continue Customer CHOICESM from October 1, 2001, to the earlier of the date the Commission approves its retail gas supply plan or October 1, 2002.

In support of continuation, Columbia notes in its application that, of approximately 37,000 eligible customers, over 6,000 participated in Customer CHOICESM as of May 22, 2001. Continuing the voluntary experiment would, in the Company's view, avoid customer confusion and disruption. Columbia also sees continuation of the experiment as an opportunity to collect additional data.

It appears from the application that Columbia proposes to offer Customer CHOICESM under the terms and conditions previously approved by the Commission with one exception. The Company has proposed revised tariff language to clarify the billing cycle

for customers enrolling and leaving Customer CHOICESM. The program would continue to be available in the Gainesville area.

As provided by § 56-234 of the Code, the Commission may approve voluntary rate design tests or experiments involving special rates after finding such experiments will further the public interest. As noted previously, the Commission approved Customer CHOICESM in 1997, and we have twice authorized its extension. In this proceeding, the Commission must again review the program and determine if it should continue. As in the past extension proceedings, the Commission will direct the Company to give notice to participants, and we will receive comments. We will also direct our Staff to investigate the application and to file a report.

Accordingly, IT IS ORDERED THAT:

(1) This matter be docketed as Case No. PUE010350, and that all papers filed in this matter be associated therein.

(2) No later than August 3, 2001, the Company shall mail a copy of the following notice to all customers participating in Customer CHOICESM. The notice may be in the form of a bill insert.

NOTICE TO COLUMBIA GAS OF VIRGINIA CUSTOMERS
PARTICIPATING IN CUSTOMER CHOICESM

Columbia Gas of Virginia, Inc.
("Columbia "), has applied to the Virginia
State Corporation Commission for authority
to continue offering Customer CHOICESM in the
Gainesville area. This voluntary
experimental program

is now set to terminate on October 1, 2001. Columbia Gas proposes to continue offering Customer CHOICESM as a voluntary experimental program until the earlier of the date Columbia implements a permanent retail supply choice plan approved by the Commission or October 1, 2002.

Columbia proposes to continue offering Customer CHOICESM in the same area and under the same general terms and conditions. The Company does propose clarifying the billing dates for customers enrolling and leaving the program.

The Commission is investigating the application to continue the experimental program as proposed by Columbia. On or before August 22, 2001, any interested person may file any comments on the application with the Clerk, State Corporation Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE010350.

The Commission may approve continuation of Customer CHOICESM as proposed by the Company or with modifications without further notice to the public.

COLUMBIA GAS OF VIRGINIA, INC.

(3) On or before July 23, 2001, the Company shall serve a copy of this Order on all parties in Case No. PUE000284; on the chairman of the board of supervisors, or equivalent local official, of all jurisdictions in which Customer CHOICESM is offered; and on all marketers participating in the program.

(4) On or before August 16, 2001, the Company shall file with the Clerk a certificate of mailing required by paragraphs

(2) and (3). The Company shall include with the certificate the names and mailing addresses of those served as required by paragraph (3).

(5) On or before August 22, 2001, any interested person may file with the Clerk of the Commission, at the address set forth in the public notice, any comments on the Company's application. Comments should refer to Case No. PUE010350. Any marketer, government agency, political subdivision, or party to Case No. PUE000284 shall file with the Clerk an original and fifteen (15) copies of any comments and serve a copy on counsel for Columbia, Kodwo Gharthey-Tagoe, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030.

6) On or before August 27, 2001, the Commission Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a report addressing any comments received, and making recommendations on extending the pilot program, and shall serve one (1) copy on counsel for Columbia and on any person that filed comments as ordered in paragraph (5).

(7) On or before September 8, 2001, Columbia and any other person may file with the Clerk an original and fifteen (15) copies of any comments on the Staff report.